

Message Text

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ORIGIN SS-25

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DRAFTED BY E:RPOATS:LVS

APPROVED BY E:CWROBINSON

NEA:AJATHERTON (IN DRAFT)

NEA:HHSAUNDERS (IN DRAFT)

S/S- MR. ORTIZ

P:EDJEREJIAN

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P 271551Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO PRIORITY

C O N F I D E N T I A L STATE 097841

EXDIS

E.O. 11652: GDS

TAGS: ECON EAID EG OVIP (ROBINSON, CHARLES W.)

SUBJECT: RESPONSE TO GOE REQUESTS FOR ECONOMIC ASSISTANCE

REFS: A. CAIRO 3774; B. CAIRO 3935; C. CAIRO 3946

1. UNDER SECRETARY ROBINSON CAN MAKE BRIEF EXPLORATORY VISIT TO CAIRO MAY 6-7 IN RESPONSE TO PRESIDENT SADAT'S REQUEST (REF C AND EARLIER), FOLLOWING BRIEF VISIT TO TEHRAN. REQUEST EMBASSY TENTATIVELY CHECK AVAILABILITY OF APPROPRIATE PARTIES FOR APPOINTMENTS LATE AFTERNOON MAY 6 AND THROUGHOUT MAY 7, INCLUDING ISMAIL, SHAFAI, SALIM AND SADAT.

2. IN DISCUSSIONS OF VISIT WITH GOE, EMBASSY SHOULD EMPHASIZE CONSULTATIVE, EXPLORATORY NATURE OF THIS ROUND. UNDER SECRETARY WILL COME TO LISTEN TO GOE AND TO ASK QUESTIONS CLARIFYING ECONOMIC SITUATION, INCLUDING: (A) DIMENSIONS OF EGYPT'S BALANCE OF PAYMENTS PROBLEM AND
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ASSUMPTIONS USED IN THESE PROJECTIONS; (B) COMPOSITION AND

CAUSES OF B/P PROBLEM; (C) GOE PROGRAM FOR CORRECTING CAUSES OF PROBLEM AND DEALING WITH ECONOMIC SIDE-EFFECTS OF SUCH CORRECTIVE MEASURES; (D) SCOPE FOR COOPERATION AMONG IMF, IBRD AND GOE, AND CURRENT DEGREE OF AGREEMENT AMONG THEM IN DESIGNING MEASURES FOR DEALING WITH THE PROBLEM;

(E) CURRENT AND PROSPECTIVE CONTRIBUTIONS BY SAUDI ARABIA, OTHER ARAB COUNTRIES, IRAN, AND OTHER BILATERAL AID SOURCES IN SUPPORT OF GOE CURRENT IMPORT REQUIREMENTS; (F) GOE EXPECTATIONS AS TO SCALE AND DURATION OF USG PARTICIPATION IN MEETING CURRENT IMPORT DEFICITS, INCLUDING PREFERENCES IN ALLOCATION OF US AID BETWEEN IMPORT FINANCING AND DEVELOPMENT PROJECTS; AND (G) ACTUAL UTILIZATION OF AID AND PL-480 AND IBRD COMMODITY IMPORT AID ALREADY COMMITTED AND MIX OF TIED AID REQUIRED TO MEET COMMODITY IMPORT REQUIREMENTS.

3. IF TIME PERMITTED, UNDER SECRETARY WOULD PURSUE SUBJECT OF US COMPANY PARTICIPATION IN ARAB-FINANCED DEVELOPMENT PROJECTS AS OUTLINED BY SADAT IN MEETING WITH VP ROCKEFELLER.

4. UNDER SECRETARY WOULD PLAN TO RETURN TO CAIRO BEFORE END OF MAY, OR IN ANY EVENT TO ARRANGE FOR TRANSMISSION OF USG VIEWS BY THAT TIME THROUGH EMBASSY.

5. AT AMBASSADOR'S DISCRETION, SUGGEST EMBASSY UNDERTAKE PREPARATORY DATA-GATHERING DISCUSSIONS WITH APPROPRIATE GOE OFFICIALS AND IMF/IBRD REPS, LOOKING TO DETAILED EMBASSY BRIEFING OF UNDER SECRETARY ON HIS ARRIVAL IN CAIRO. IF AMBASSADOR WISHES, POATS COULD PRECEDE UNDER SECRETARY TO CAIRO BY ONE DAY TO PARTICIPATE IN PREPARATORY DISCUSSIONS AT TECHNICAL LEVEL OF GOE. EXPECT TO SEE IMF AND IBRD STAFF HERE MAY 2.

6. UNDER SECRETARY'S PARTY WOULD CONSIST OF POATS, NSC STAFF MEMBER ROBERT HORMATS, AND TREASURY MIDDLE EAST OFFICE DIRECTOR JERRY NEWMAN. PLAN ARRIVE CAIRO FROM TEHRAN EARLY AFTERNOON MAY 6, AND DEPART 2 A.M. MAY 8 FOR WASHINGTON. WILL PROVIDE FLIGHT SCHEDULE AFTER RECEIVING CONFIDENTIAL

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RESPONSE TO PARA 7.

7. REQUEST EMBASSY COMMENTS AS TO TIMING AND APPROACH. KISSINGER

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